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S&P Global **ESG Scores**

Ahead of disclosures, in front of standards

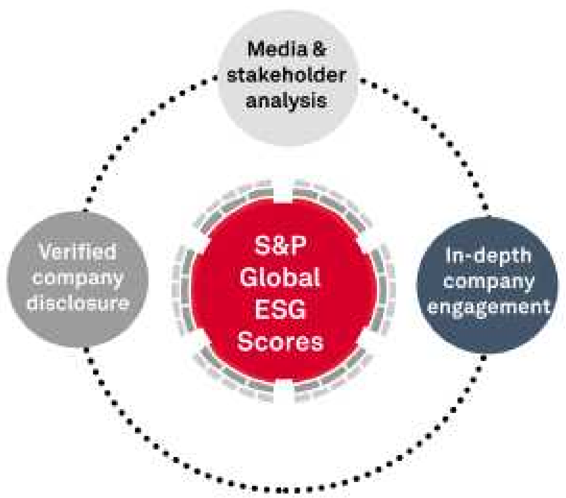
S&P Global

Unlike any other ESG dataset available in the market today, S&P Global ESG Scores - and the CSA research process that underpins them – form the basis of a **unique ecosystem that actively drives corporate disclosures and raises the bar on sustainability standards over time.**

Contents

Unlike ESG datasets that rely simply on publicly available information, S&P Global ESG Scores are uniquely informed by a combination of verified company disclosures, media and stakeholder analysis, and in-depth company engagement via the S&P Global Corporate Sustainability Assessment (CSA), providing unparalleled access to ESG insights before they reach others.

Exhibit 1: S&P Global ESG Scores are uniquely informed

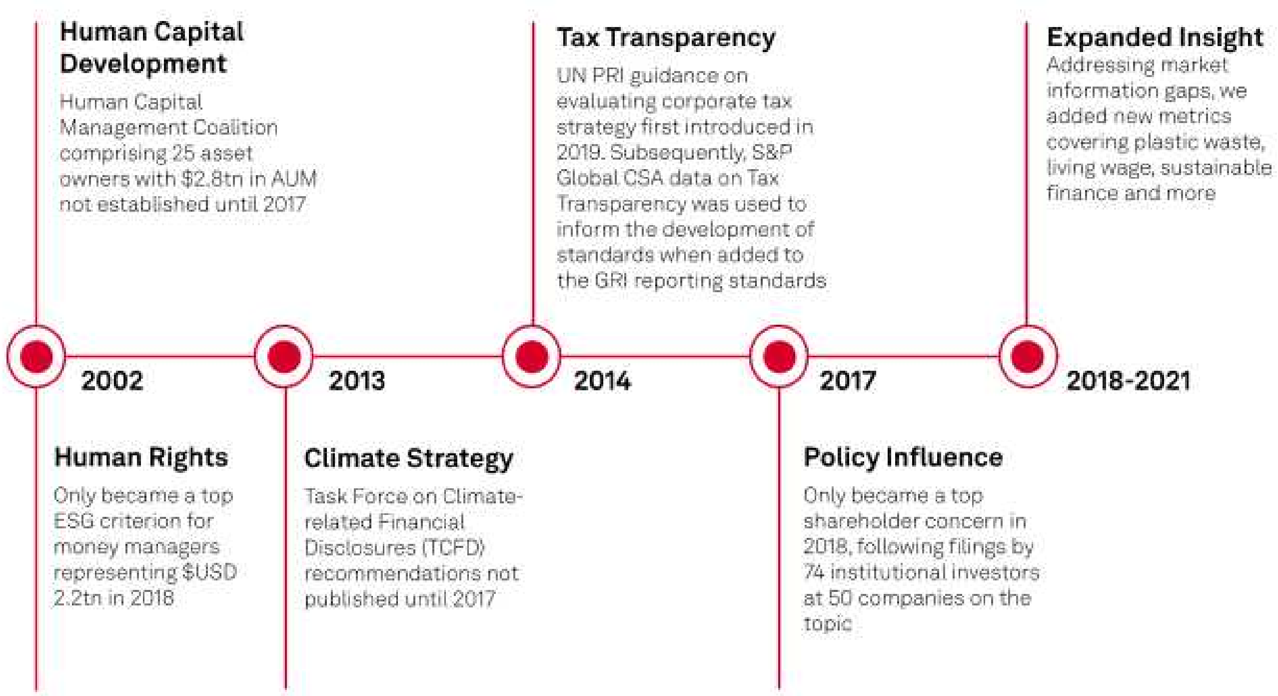


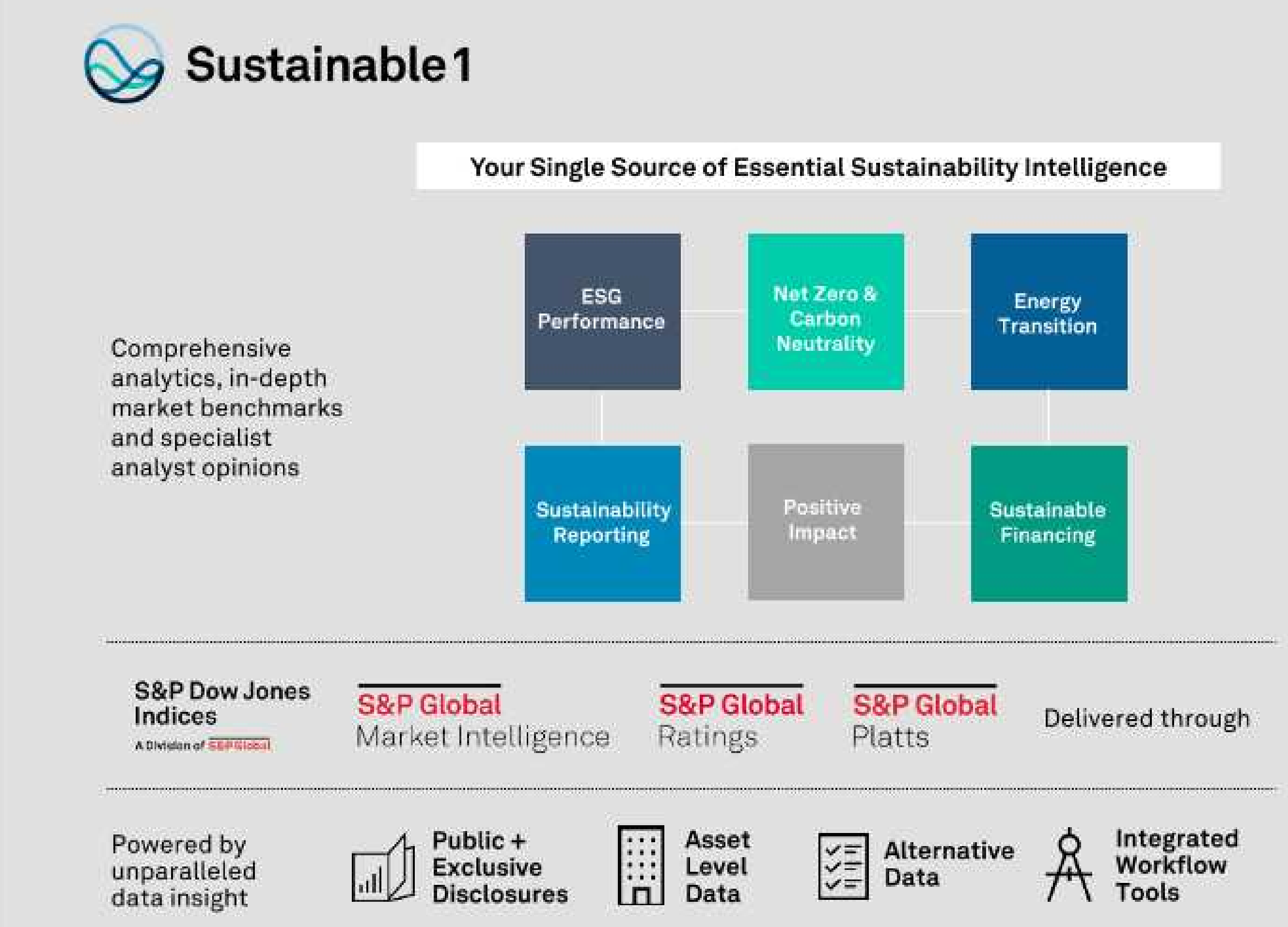
Companies collectively contribute hundreds of thousands of hours in every assessment cycle, while S&P Global analysts validate disclosures for both accuracy and relevance, discuss methodologies and measurement best-practices, and provide ongoing feedback. Unlike any other ESG dataset available in the market today, S&P Global ESG Scores – and the CSA research process that underpins them – form the basis of a unique ecosystem that actively drives corporate disclosures and raises the bar on sustainability standards over time.

Delivering Unparalleled Accuracy and Relevance

The CSA delivers unparalleled insight into corporate sustainability practices, drawing on decades of engagement with thousands of companies each year. It goes far deeper than simply determining how transparent companies are by also uncovering how well they really manage the ESG risks and opportunities they face - including those new and underreported topics of growing importance that have yet to reach the disclosure agenda. S&P Global ESG Scores thus provide the deepest possible insight into companies' ESG performance, with accurate assessments not swayed by readily available data, while also playing a leading role in shaping the sustainability landscape by introducing new topics and advocating for improved standards and disclosure over time.

Exhibit 2: Ahead of the Curve: Underreported topics captured by the S&P Global CSA long before they reach the disclosure agenda[1]





Built By Investment Practitioners

ESG datasets generally depend on theoretical, hypothetical, or academic approaches to ESG materiality and performance discovery. Purpose-built by investment management practitioners with investment processes in mind, however, S&P Global ESG Scores are the only source of ESG intelligence developed at the very nexus of sustainability and investment decision-making as part of an asset management function, rather than by a standalone data provider.[1]

[1] The S&P Global Corporate Sustainability (CSA) – formerly the SAM CSA - established by RobecoSAM, is now issued by S&P Global. The CSA is an annual ESG research process of over 11,500 companies established in 1999 by RobecoSAM, an asset manager focused entirely on sustainable investing. The acquisition of the CSA platform and the transition of the SAM ESG Ratings and Benchmarking teams to S&P Global, closed in January 2020. SAM is a registered trademark of S&P Global. The S&P Global Corporate Sustainability (CSA) – formerly the SAM CSA - established by RobecoSAM, is now issued by S&P Global. The CSA is an annual ESG research process of over 11,500 companies established in 1999 by RobecoSAM, an asset manager focused entirely on sustainable investing. The acquisition of the CSA platform and the transition of the SAM ESG Ratings and Benchmarking teams to S&P Global, closed in January 2020. SAM is a registered trademark of S&P Global.

2. Strengths

Depth

Universal: We provide S&P Global ESG Scores for a universe of approximately 8,000 companies (representing 90% of global market cap). Of these, 1,900 currently actively participate in the CSA, a group representing half of global market capitalization. Each year, the number of companies that choose to actively engage in the CSA continues to grow, demonstrated by a 30% increase in participation from 2020 to 2021 thus far.

Granular: Our data is available over multiple layers of insight: the S&P Global ESG Score, scores for the three underlying E/S/G dimensions, metrics for up to 30 industry-specific criteria, and 130 question-level scores, for every single company we cover. For more than two thirds of the companies that actively participate in the CSA, we additionally provide up to a 1,000 underlying data points per company. Our clients integrate these layers of ESG insight into their workflows via the S&P Global Market Intelligence Platform and S&P Global Xpressfeed to use in derived data metrics, modeling, and calculations.

Breadth

Varied: By engaging companies directly through our CSA, S&P Global ESG Scores capture a much broader range of topics at a much more granular level than public reporting alone can provide. Approximately 17% of the core ESG factors we assess across all industries are either not widely reported on at present, are not reflected in reporting standards among existing industry frameworks, or where we require more granular levels of data than is generally captured via public disclosures.

Complete: ESG scores built using just public data exhibit a transparency bias, where companies that disclose more are rewarded with inflated ESG scores, irrespective of how well they manage these issues. By engaging companies via the CSA, S&P Global ESG Scores are uniquely positioned to account for both company transparency and their performance on sustainability issues.

Specific. Most ESG scores are vague and qualitative. S&P Global ESG Scores provide numerical assessments (/100) of corporate sustainability performance, built upon transparent layers of quantitative metrics, with up to a 1,000 individual data points per company.

Rigour

Accurate: Companies submit data and supporting evidence via state-of-the-art proprietary software equipped with built-in automated checks, utilizing ML & NLP techniques. Additional verification and QC checks are performed by expert industry analysts and topic specialists according to a robust set of principles honed over 20+ years. This quality control process undergoes an independent annual audit to ensure the accuracy and consistency of analyst verification.

Transparent: ESG datasets depend heavily on subjective analyst opinions using 'black box' methodologies. Our ESG scoring process is wholly independent from our data verification process, using pre-defined, transparent, and rules-based scoring algorithms. Our clients have access to our underlying questions and scoring frameworks, in addition to raw underlying data for a growing subset of companies, for complete transparency into how S&P Global ESG Scores are constructed.

Relevance

Credible: ESG datasets are often rooted in theoretical and untested materiality mappings. We use a statistical approach to identify robust correlations of sustainability factors with financial outcomes, based on 20+ years of real-life investment performance data. To this day, we continue to back test S&P Global ESG data against financial return indicators, such as ROE, ROA, and ROICE to ensure our scores reflect the most material ESG factors.

Topical: ESG datasets that rely solely on public data suffer time lags and do not always reflect the most topical sustainability information. S&P Global engages companies on the most relevant and timely sustainability questions via the CSA, adding new topics each year, and incorporating cutting-edge ESG insights into our scoring framework long before they reach most companies' public disclosures.

Aligned: 83% of the ESG metrics assessed via our CSA are aligned with the following institutions and industry frameworks: SASB, GRI, WEF, CDP, GHG Protocol, TCFD, SBTi, OECD, UN PRI, UN Global Compact, and SFDR.

Timely: S&P Global ESG Scores are updated monthly to reflect the latest outcomes of the ongoing, daily MSA review – to account for material controversies that might impact a company's overall ESG score performance between our annual Corporate Sustainability Assessments.

Influence

Trend-setting: Most ESG data collection processes passively wait for companies to disclose the sustainability issues they have already identified and chosen to report. Instead, we raise the bar on corporate sustainability practices – by constantly devising and adding new questions on emerging sustainability topics to our CSA.

Topics are introduced without points awarded, and gradually phased into a scoring framework that especially rewards companies that choose to make this information public – thereby directly raising performance standards, shaping the ESG landscape, and incentivizing corporate disclosure.

3. Testimonials

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"The CSA has definitely been part of a fundamental change as sustainability became integrated in our business... As we continue to develop our sustainability strategy and aim to keep raising the bar, the ***CSA continues to provide us with helpful insights on our strengths and weaknesses and provides inspiration*** *for how to improve measurements and management systems."*

– Hendrik Alpen, Sustainability Engagement Manager, H&M

"The [CSA] is the toughest rating out there to complete. But the ***rigor of the assessment means it's the best insight out of all the ones on the market...*** *Our CEO has a specific focus on achieving sector leadership in the CSA."*

– James Wallace, Lead, ESG Integration, Sustainable Solutions and Ratings, Allianz SE

"We consider the CSA to be the premier external sustainability assessment. To keep our sustainability strategy relevant into the future, Linde can't simply look into the mirror. We need a way to be able to look into the future. ***The S&P Global assessment is one of our key tools to do that."***

– Riva Krut, VP and Chief Sustainability Officer at Linde Plc., USA

"Cemig uses the annual Corporate Sustainability Assessment as ***a tool for the identification of potential risks and opportunities in the face of global sustainability trends and as a means of managing the company's business activitie****s, taking into account the balance between the social, economic and environmental dimensions in a manner compatible with the company's growth strategy."*

– Djalma Bastos de Morais, CEO, Cemig,

"I find of the ESG ratings, the CSA is the most in-depth and broadest. It gives the best insight into a company and their actual sustainability performance out of the ratings that I've seen."

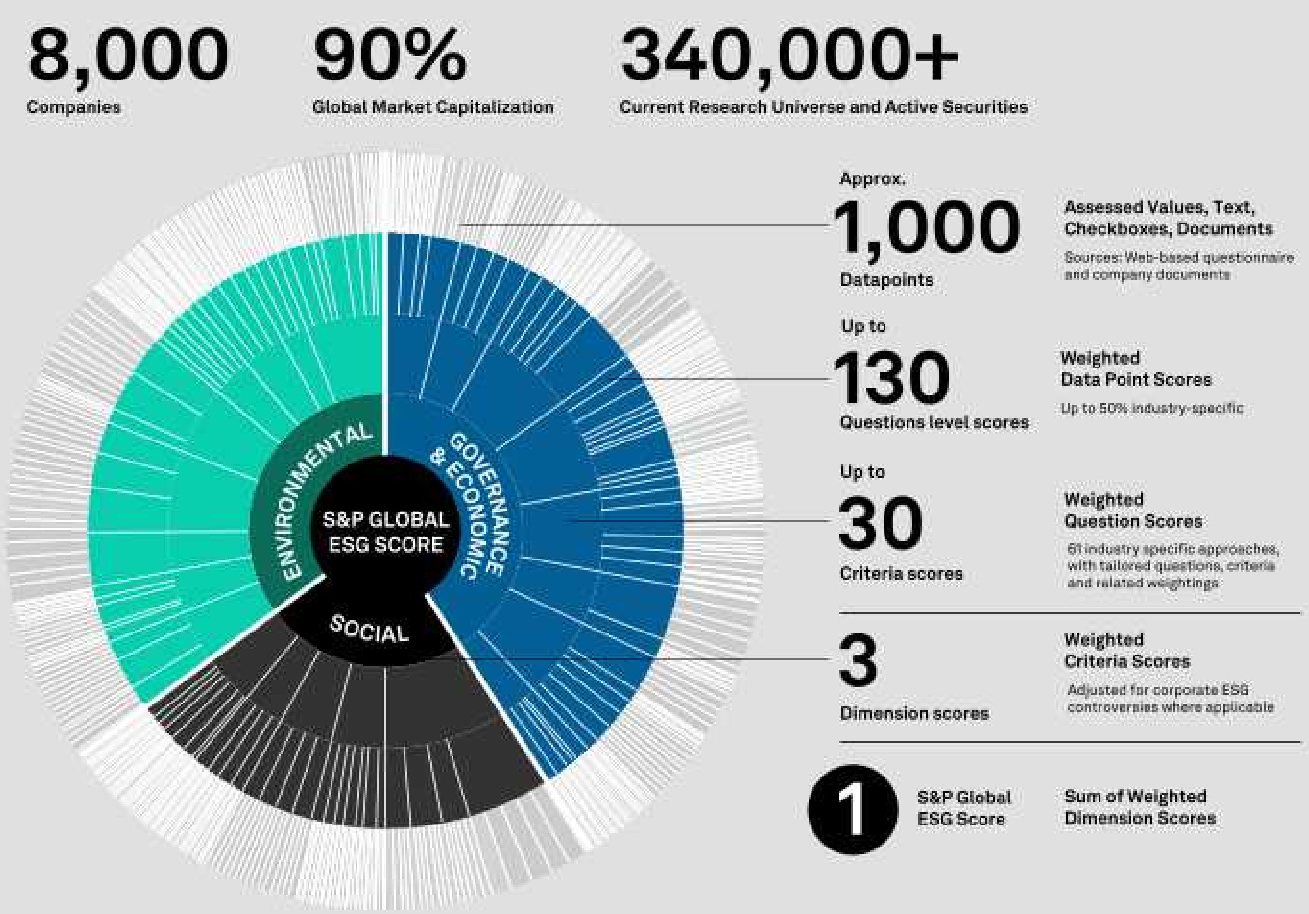
– Niklas Kilberg, Corporate Sustainability, Volvo Car Group

What Coverage Do S&P Global ESG Scores Provide?

S&P Global ESG Scores provide an unparalleled depth and breadth of ESG insight, built upon multiple layers of ESG data. For approximately 8,000 companies at present representing over 90% of global market capitalization, our scores provide transparency to drill down into material environmental, social and governance criteria scores for up to 30 focus areas across sub-industries; question-level scores covering 130 sustainability topics; and up to an additional 1,000 underlying data points per company — powering investment decisions and client workflows with granular precision and clarity.

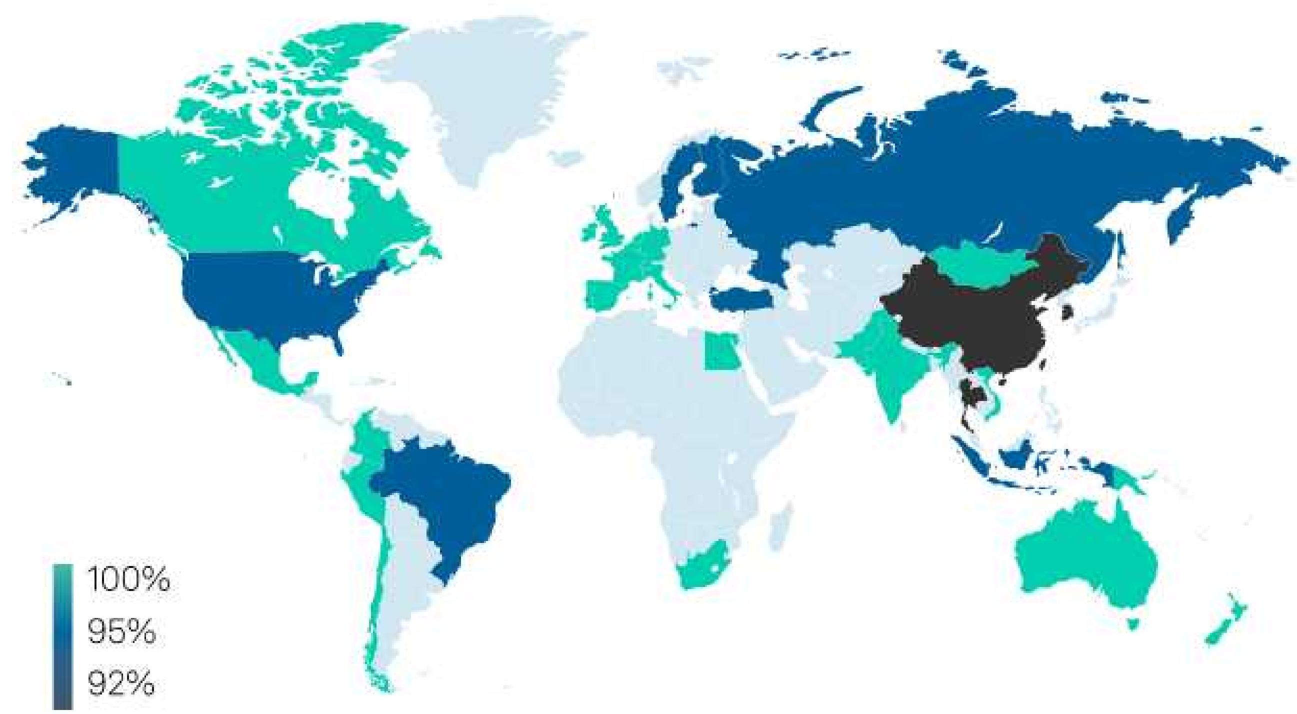
Of the approximately 8,000 companies we invite to partake in the CSA and assess, more than 1,900 companies directly participate (representing half of global market capitalization) and supply us with additional, private information beyond their public disclosures. We assess the remainder using public information, and hold companies to the same exacting standards as for those that participate in the CSA. And the number of companies that choose to engage with S&P Global via the CSA is growing quickly — for instance, we saw a 30% increase in the CSA participation rate in the ongoing 2021 assessment cycle versus 2020, thus far.

Exhibit 3: S&P Global ESG Scores are built on multiple layers of granular data intelligence



Sources: Exclusive company disclosure + exclusive disclosures via the S&P Global CSA
Coverage as of September 2021. The 2021 methodology cycle will cover more than 11,500 companies, representing 99% of global market capitalization once it concludes

Exhibit 4: S&P Global ESG Score Coverage For the S&P Global Broad Market Index (BMI) Universe



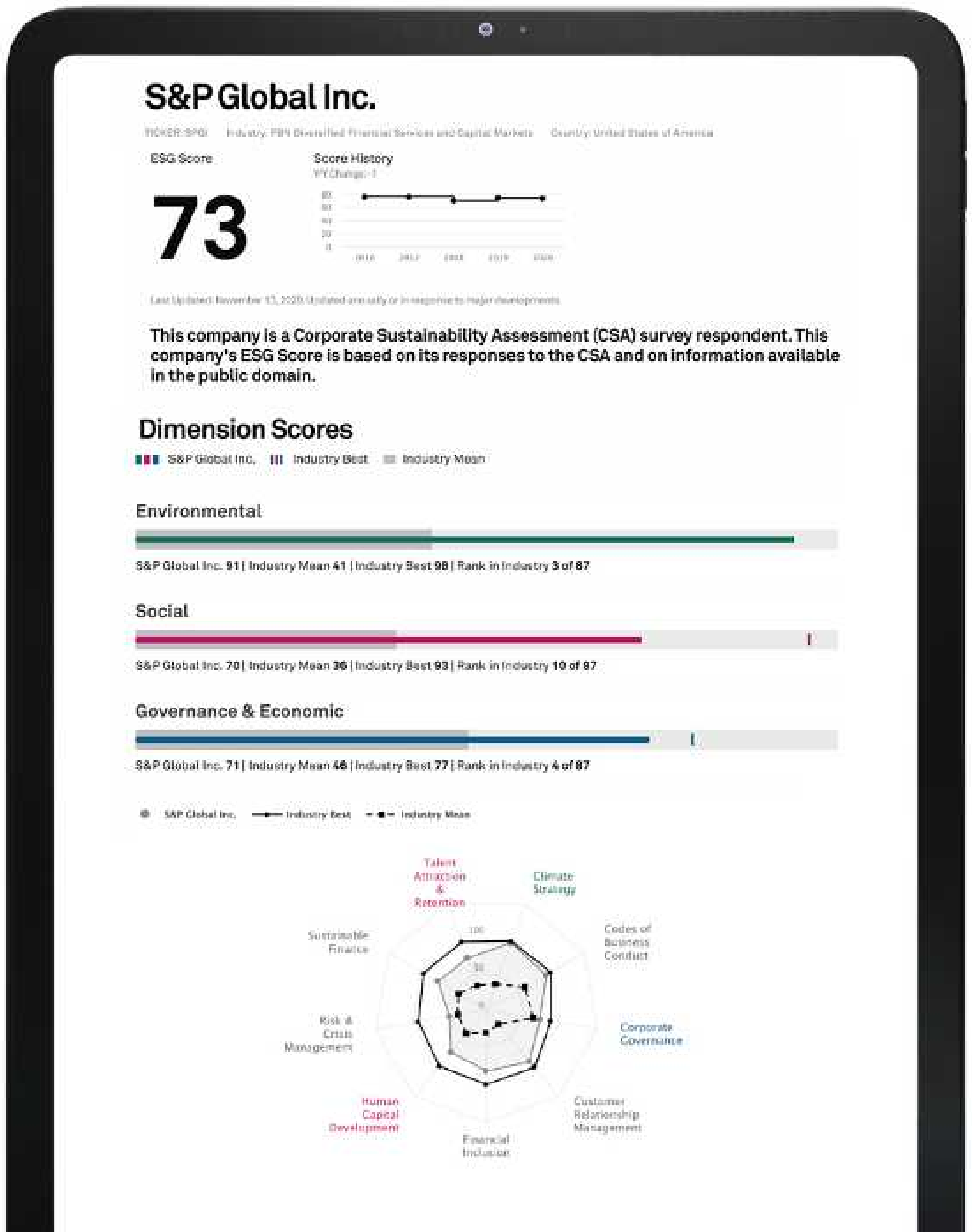
Source: S&P Global, 2021. For illustrative purposes.

How to Interpret S&P Global ESG Scores

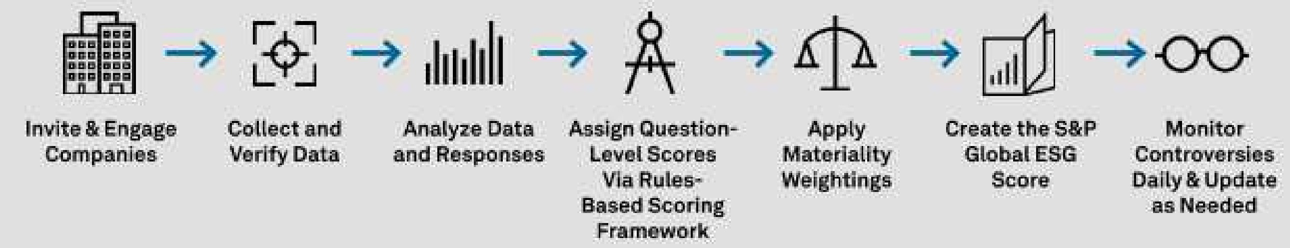
Our ESG scores measure company performance on general and industry-specific ESG topics with material relevance to financial outcomes. Measured on a scale of 0 – 100, with 100 representing the highest possible S&P Global ESG Score, they reflect our rules-based and quantitative assessment of companies' tangible performance on key sustainability risks and opportunities (including controversies), the quality and completeness of their public disclosures, and their understanding of emerging, underreported ESG issues.

Our scores are industry-specific, focused on the most financially material and relevant sustainability issues for company business models, while also offering deeper, granular insights for underlying ESG topics that may be compared across all industries.

Exhibit 5: S&P Global ESG Scores measure companies' sustainability performance, transparency, and awareness of emerging ESG issues



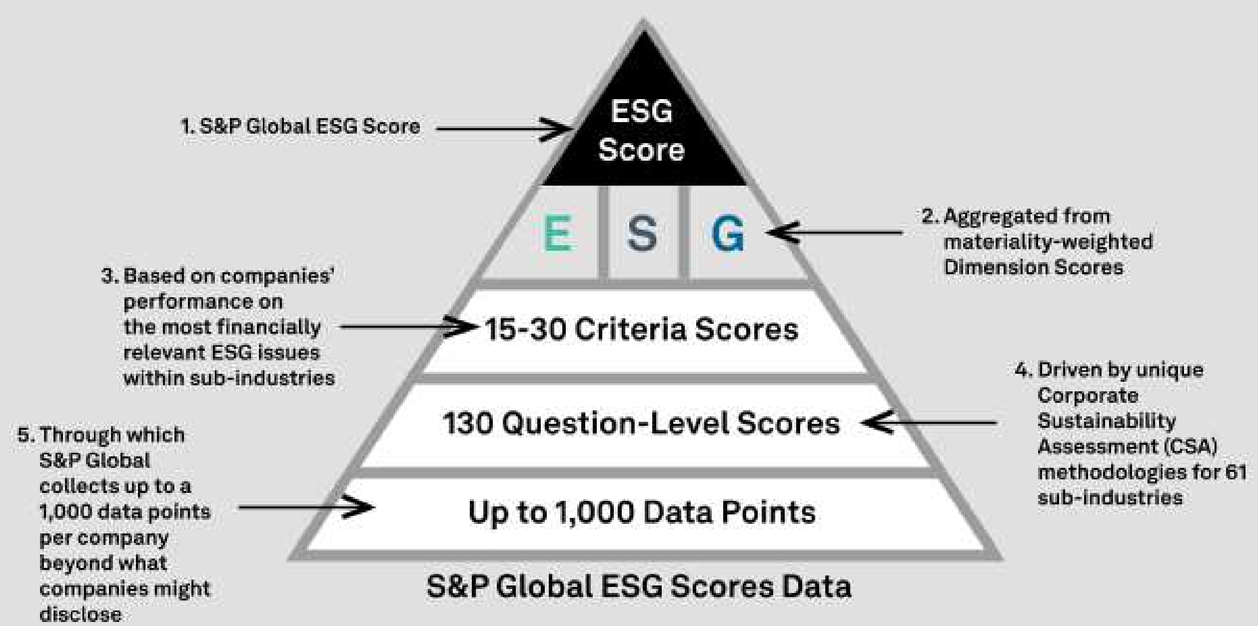
How are S&P Global ESG Scores Calculated?



S&P Global engages companies through its annual Corporate Sustainability Assessment (CSA), inviting companies to share unparalleled insight into how they manage sustainability risks and opportunities beyond what they might publicly disclose. We assess corporate sustainability performance across 61 GICS®-aligned sub-industries via customized assessment-frameworks that focus on the most financially material and relevant ESG issues depending on the industry in question. The foundation of the CSA rests upon publicly disclosed information from companies and, wherever possible, incorporates additional primary data exclusively provided by companies who directly participate in the assessment process. The assessment is further supplemented by daily screening of corporate controversies that may have a material impact on companies' reputations, stakeholder relations, financial performance, and operations.[2]

Each of the 61 industry-specific frameworks captures up to 1,000 data points per company to inform their performance on key sustainability issues. These data are collected through 130 questions comprising a mix of general and industry-specific questions. Based on their responses, points are assigned to companies through a predefined, transparent, and rules-based scoring system — weighted according to the relevance and materiality of underlying topics to financial outcomes. Each of these questions, driven by the materiality-weighted scoring framework, are scored from 0 to 100 and then grouped into approximately 15 to 30 themes of the most financially-relevant issues within industries, which roll up into three scores across the environmental (E), social (S), and governance (G) dimensions.

Finally, these dimension scores are aggregated to produce a single headline S&P Global ESG Score, built upon up to a thousand data points per company and layers of material ESG signals and insight, to reveal our assessment of a company's overall ESG performance on key sustainability issues.



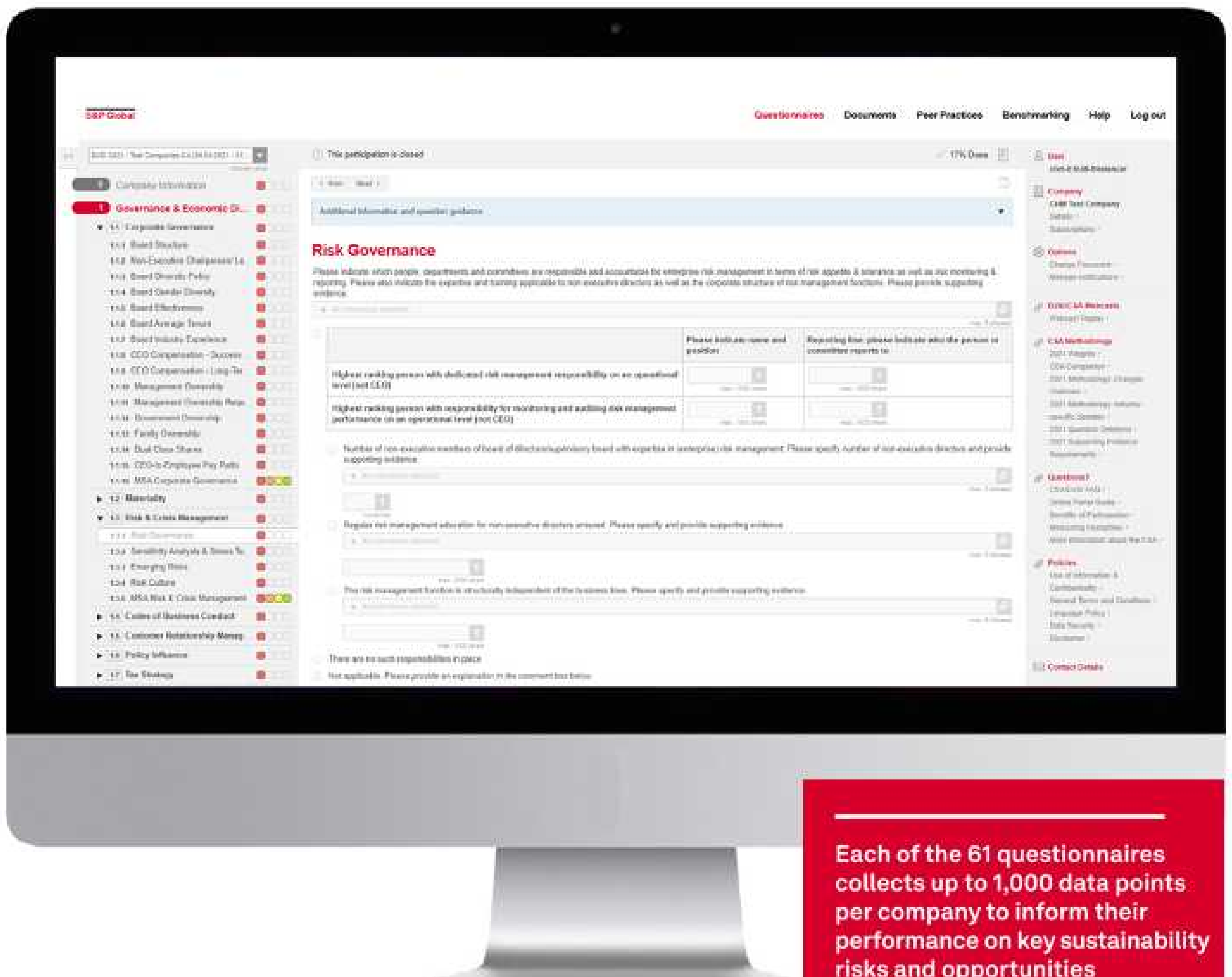
[2] The daily monitoring of public controversies is performed by S&P Global's partner, RepRisk, which feeds into our Media & Stakeholder Analysis for the screening process. See pX for further details on our methodology and approach.

7. Data quality

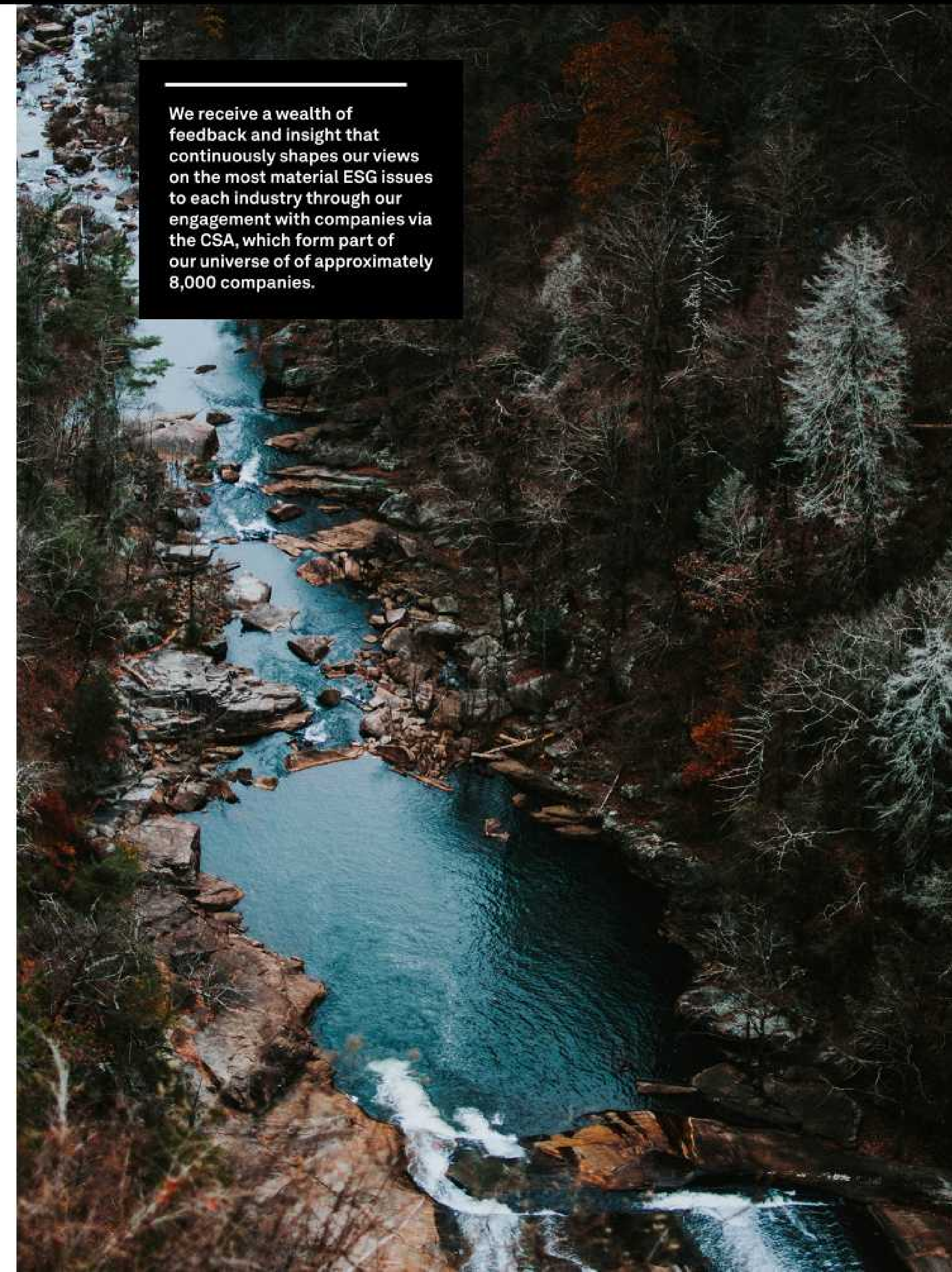
How Do We Ensure Data Quality?

To ensure objectivity, the data verification and scoring processes of the CSA are wholly separated.

Questionnaire responses are collected from companies via a state-of-the-art, proprietary software platform that incorporates automated checks — using machine learning (ML) and natural language processing (NLP) — and additionally verified by dedicated teams of expert industry analysts and sustainability topic specialists. During this multi-phase quality control process, analysts assess the accuracy, completeness, and consistency of the data and mandatory supporting evidence from companies, according to a robust set of principles and analytical guidance that has been developed and refined over the 20+ year history of the CSA. Critically, this step ensures that the information is accurately disclosed within the proper context, and that any inconsistencies or nuances are appropriately handled. In the event of any discrepancies or errors, a dedicated team provides invaluable support and guidance to companies to educate and inform them on the methodology, data requirements and disclosure guidelines.



Each of the 61 questionnaires collects up to 1,000 data points per company to inform their performance on key sustainability risks and opportunities



We receive a wealth of feedback and insight that continuously shapes our views on the most material ESG issues to each industry through our engagement with companies via the CSA, which form part of our universe of approximately 8,000 companies.

How Do We Turn Data Into Scores?

Our scoring process occurs independently from the verification process using pre-defined algorithms that are both rules based and transparent to the companies we assess. Wherever possible, we require companies to provide us with quantitative data to assess and benchmark their sustainability performance against their peers and industry best-practices.

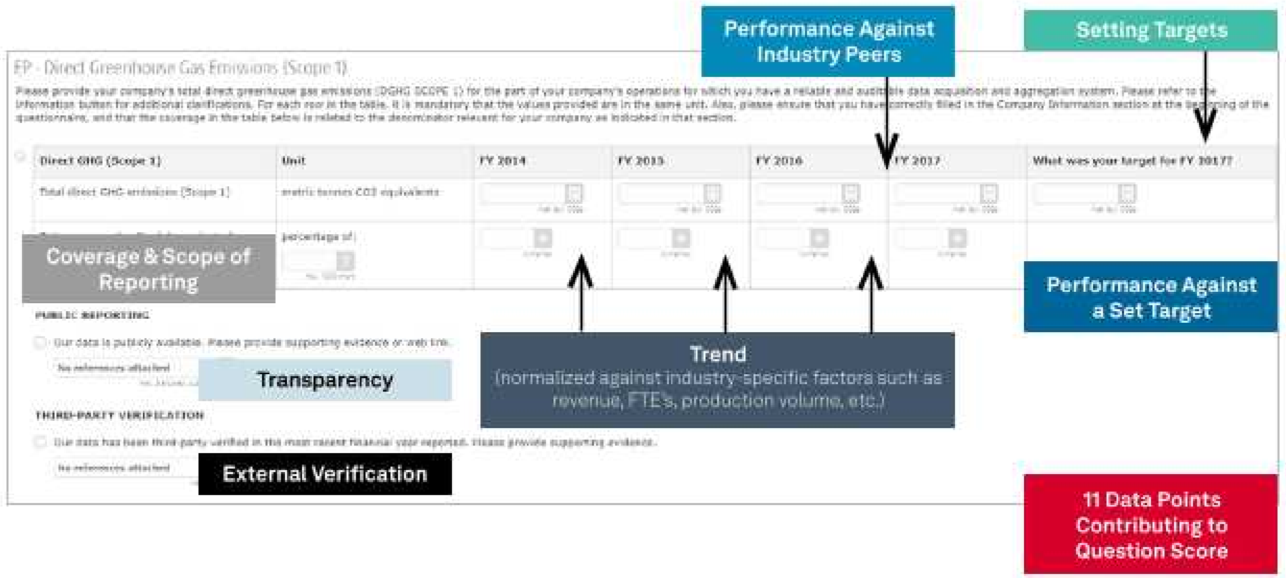
Assessment Focus	*Description of Information Sought*
Disclosure/Transparency	Disclosure of qualitative/quantitative information
Documents	Document supporting company's response
Public Documents	Publicly available documents supporting company's response
Exposure/Coverage	Coverage and scope of measures implemented, or data reported
Trend	Trend of key indicators in the last three/four years
Performance	Performance of key indicators in comparison to expected thresholds based on academic studies or internal S&P Global data
Awareness	Evidence of awareness and tracking of upcoming ESG issues
External Verification	Independent third-party verification of data or of processes

For example, we score normalized historical trends on companies' performance on various metrics to assess whether they are improving, stagnating, or worsening over time. We measure this both in relation to a company's own performance, as well as in the context of its peers by applying a discount rate (if it is a laggard) or a multiplier (if it is a leader) to account for differing baselines within its industry. We also assess companies' operational targets to meet their long-term goals. We do not simply assess whether targets are reported, but critically assess whether these targets are sufficiently ambitious relative to a company's industry peers using appropriate normalization factors, depending on the metric in question, to account for differences in firm size.

One major concern with the state of corporate ESG disclosure today is the incomparability of the scope of reporting. Some companies may report indicators covering 100% of their business, while others may report on just 30%. To address this, our scoring approach penalizes companies with limited reporting scope to ensure parity with complete disclosures. Our scoring algorithms also reward companies for disclosing metrics that have undergone independent third-party verification of the data with additional points.

For qualitative topics, such as company policies and management approaches, we thoroughly assess the substance of these policies and procedures according to their contents, rather than simply determining their existence. This is especially important because a company's commitment to upholding human rights, for example, can only be as strong as the extent to which enforces this commitment across its own operations and, critically, its supply chain as well. Policies without clear measures on how such commitments are enforced lack the robustness required to score well in our approach. Instead, companies with policies that include clear actions, escalation measures, and enforcement protocols receive additional points as part of our scoring process. In this way, we're able to assess companies' policies and procedures using a series of tick boxes -- each representing a key and foundational element of a robust policy with distinct points assigned to each component that contributes to the overall Question-level score.

Exhibit 6: A total of 11 data points on companies' Scope 1 GHG Emissions contribute to our Question-level Score on Operational Eco-Efficiency



This sophisticated scoring approach is continuously enhanced to reflect the latest in industry best practices and global sustainability targets. Each year, both our assessment process and quality control mechanisms additionally undergo an independent, third-party audited review to ensure the accuracy and consistency of analyst checks, as well as the robustness of the pre-defined, transparent, and rules-based scoring algorithms.[1]

[1] https://portal.csa.spglobal.com/survey/documents/DJSI_CSA_Assurance_Statement.pdf

9. Scope

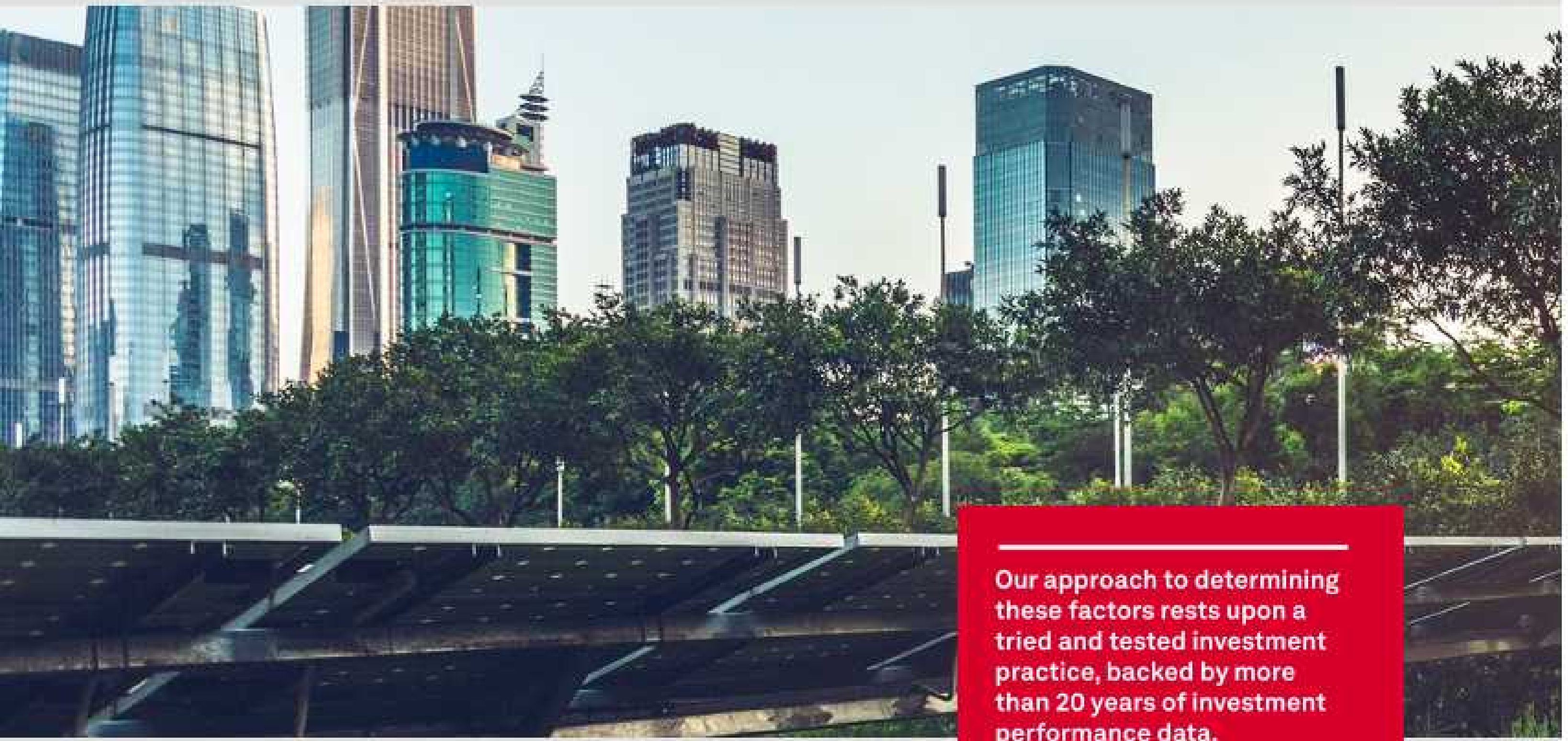
What are the Financially Material Risks and Opportunities Assessed?

We identify financially material factors as those that may have a present or future impact on a company's value drivers, earnings capacity, competitive positioning, or long-term value for its shareholders and if those factors have a significant impact on society or the environment. Material ESG issues are those that can affect the entity's business operations, cash flows, legal or regulatory liabilities, access to capital or reputation, as well as relationships with key stakeholders, the environment, or society more broadly — either directly or through its value chain (both upstream and downstream).

We thus consider double materiality as an integral part of the analysis of corporate sustainability performance. But while hundreds of sustainability criteria might apply, only a handful of critical ESG factors usually impact the future success of companies' business models in practice. Naturally, these highly-material factors vary significantly across industries. While some generic ESG topics are financially relevant to all industries — such as corporate governance, risk management or business ethics — the industry-specific portion of each questionnaire is built upon S&P Global's industry materiality matrices for each of the 61 sub-industries that we cover.

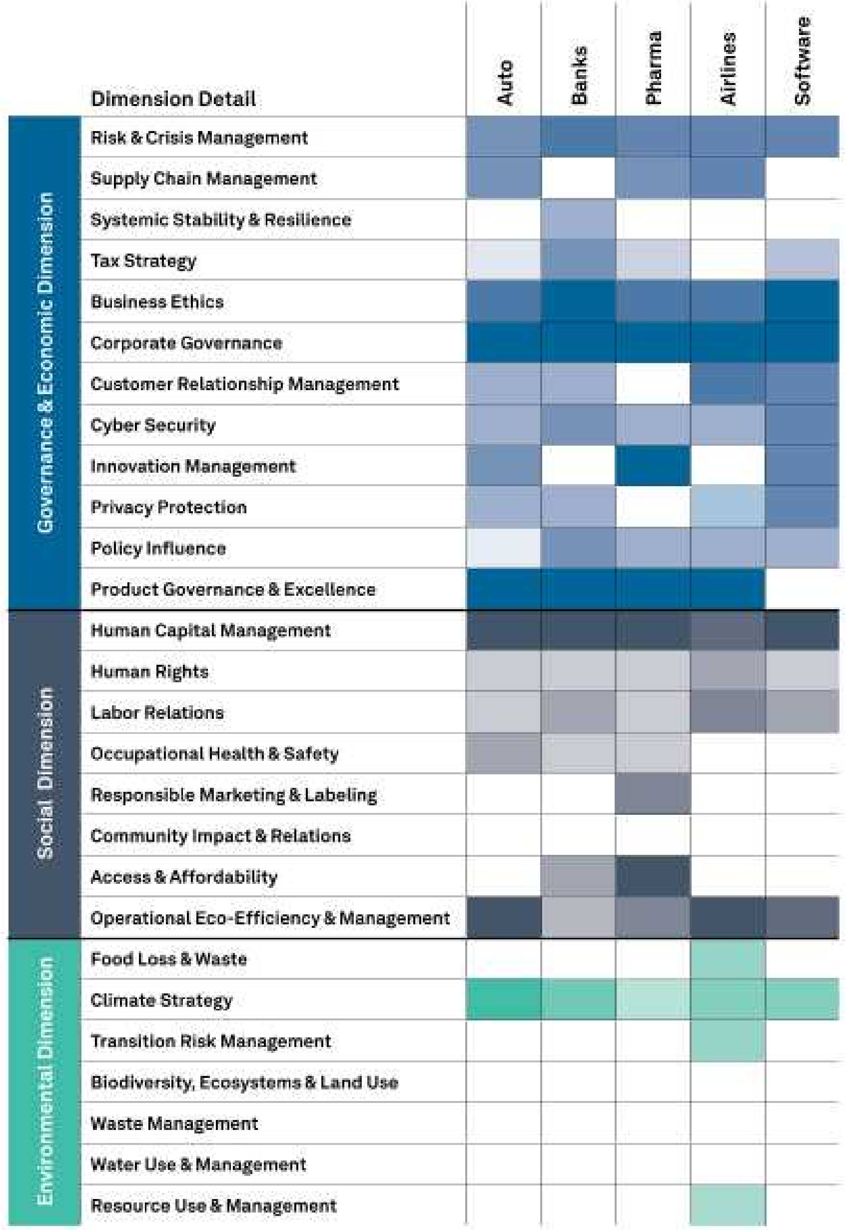
Exhibit 7 highlights a sampling of the most material ESG criteria across industries. Our approach to determining these factors rests upon a tried and tested investment practice, backed by more than 20 years of investment performance data. That compares to the more theoretical or academic approaches with much shorter history that are found in many other ESG datasets. Additionally, key to our understanding of financial materiality is the combination of global megatrends that shape companies' operating environments — think climate change, resource scarcity, demographic and societal shifts or technology and innovation, to name a few.

These types of issues can impact companies' ability to grow or generate profits and have the capacity to fundamentally transform the risk profiles of the industries in which they operate. Those that successfully identify and manage these shifts are more likely to adapt and remain successful in the long run. Meanwhile, intangible assets like reputation and brand loyalty continue to play an ever-bigger role in driving corporate value, firmly entrenching companies' business value drivers alongside their impacts on society and the environment. Even issues that may be deemed as fairly low risk today, like cybersecurity or human rights, might be expected to materialize over time because of these shifting megatrends, and thus have the potential to become increasingly financially material.



Our approach to determining these factors rests upon a tried and tested investment practice, backed by more than 20 years of investment performance data.

Exhibit 7: Illustrative Materiality Matrix

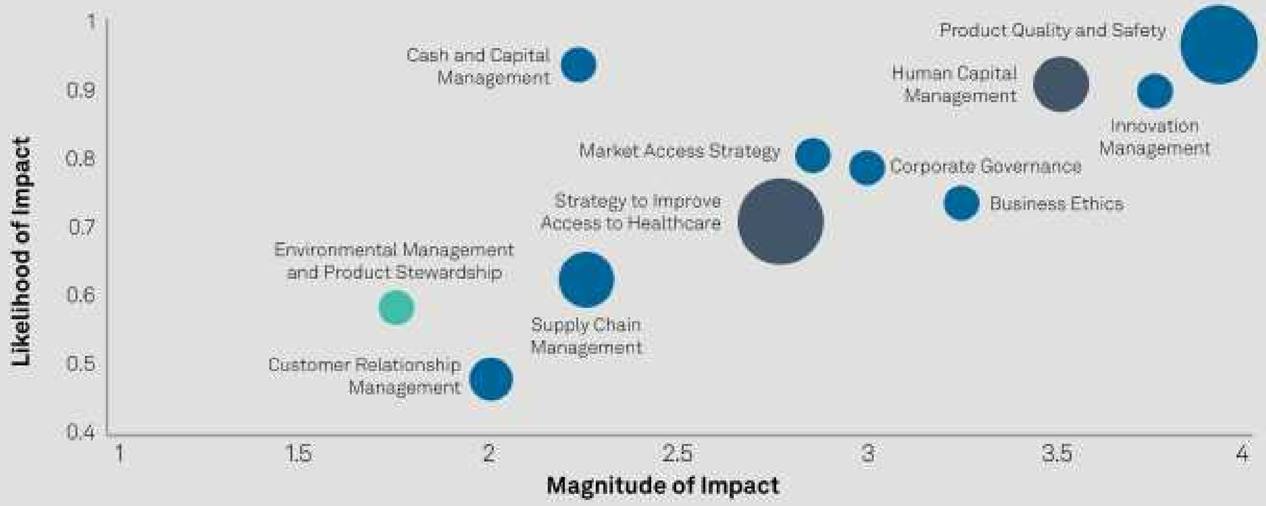


There are 61 unique materiality matrices for each of the sub-industries we cover. Prior to the acquisition of SAM in 2020, the S&P Global CSA was formerly part of the RobecoSAM asset management practice for more than 20 years – providing a rich dataset of historical investment performance data to identify and continuously refine the materiality-weighted scoring framework that underpins the CSA. The S&P Global CSA is the only accessible ESG Score research process borne out of an investment management practice, currently available in the market today.

How Do We Prioritize Material Issues?

The growing trend towards greater sustainability practices presents companies with complex, multidimensional, and often deeply interconnected risks and opportunities. By developing a robust understanding of what issues are critically important to their operations, the environment and their communities, companies may be better equipped to prevent or mitigate these risks and gain access to new opportunities. For each industry, we prioritize sustainability factors according to their expected magnitude (degree of impact) and the likelihood of their impact (probability and timing of impact) on companies' financial standing according to growth, profitability, capital efficiency and risk measures. From an environmental and social perspective, we prioritize according to their overall impact and importance to stakeholders and the natural environment.

Exhibit 8: Impact of Material Risks and Opportunities



Data points are spatially plotted according to how financially material individual sustainability topics are to companies within a given sub-industry, while the sizes of the bubbles indicate how heavily environmental and social stakeholders are impacted by companies' performance on these issues, thereby capturing the concept of double materiality. An event magnitude of 1 = low; 2 = moderate, 3 = high, 4 = very high.

Though other ESG datasets are often rooted in theoretical materiality mappings, we refine our approach using statistical methods to identify robust correlations of sustainability factors with financial outcomes - using real life performance data. We regularly back test our data against financial return indicators such as ROE, ROA, and ROICE to ensure S&P Global ESG Scores reflect the most material ESG indicators, and we continuously refine the underlying weights across industries. We also incorporate the depth of knowledge and financial expertise across S&P Global through regular review by hundreds of leading experts — from sector analysts to credit analysts — as part of this process.

We receive a wealth of feedback and insight that continuously shapes our views on the most material ESG issues to each industry through our engagement with companies via the CSA, which form part of our universe of approximately 8,000 companies. Ultimately, our corporate stakeholders understand their industries and business models best, as they observe how sustainability factors shape their organizations on a daily basis. Decades of direct company input on what they believe to be the most pertinent areas of risk and opportunity in the ESG landscape provide us with more than just a sanity check on the appropriate issues. Finally, the S&P Global ecosystem of ESG and financial market experts provides an additional layer of finetuning to adjust our risk and opportunity factors in our materiality matrixes for all the industries that we cover.

Oracle Corporation:

A Case Study in What Drives Changes in ESG Scores

After markets closed on April 30, 2021, Oracle Corporation (Oracle) was added to the S&P 500 ESG Index as part of its annual rebalance. The rebalance results reflect the rules-based selection process of the S&P ESG Index Series methodology, largely driven by the company's relative performance to its index and industry group peers in terms of ESG Score (see px for more info). Although the S&P ESG Index Series uses an adjusted form of S&P Global ESG Scores (learn more about S&P DJI ESG Scores on px), a closer look at some of the underlying changes that drove Oracle's increase in S&P Global ESG Score from 29 to 32 from 2020 to 2021 (improving its ranking from the 72nd percentile to the 83rd percentile among global Software companies), helps to explain how its improved sustainability profile increased its chances of being selected for inclusion in the index:

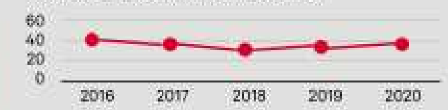
Oracle Corporation

TICKER: ORCL | Industry: SOF Software | Country: U.S.A

ESG Score

32

Score Histroy (Y/Y Change: **+3**)



Last Updated: March 2021. Updated annually or in response to major developments.

Governance

The Corporate Governance criterion, of the S&P Governance & Economic Dimension, is the most highly weighted single criterion within the materiality-weighted CSA Framework for Software companies, contributing to 9% of the overall ESG Score. Between 2020 and 2021, (covering FY2019 and FY2020, respectively) Oracle's performance improved significantly on its CEO to Employee Pay Ratio, which is highly weighted within this criterion given the growing interest of this topic to investors. In 2019, the company paid out over USD $100m to co-CEOs Safra Katz and Mark Hurd, representing 1,204 x the median employee compensation, despite less than desirable financial results. At the time, Oracle received criticism from shareholders for its sizable payout not being aligned to long-term company interests and faced mounting shareholder pressure to reduce Chief Executive remuneration to just over $950,000 in 2020. This brought the pay ratio down to just 11 x median employee compensation. As a result of the significant downward revision and evidence that the company responded effectively to shareholder criticism, the company was awarded with a criterion score increase from 30 to 100 that placed it among the highest quartile of its software peers.

Enviornmental

Questions around Operational Eco-Efficiency and Climate Strategy represent a combined 14% of the overall weight of the S&P Global ESG Score for Software companies. Between 2020 and 2021 (based on FY2019 and FY2020), Oracle improved its score significantly on its Climate-Related Management Incentives by introducing monetary incentives tied to climate-related KPIs for its Chief Sustainability Officer and Environmental Steering Committee members. While the company's score improved significantly, contributing to an improved Climate Strategy score overall from 28 to 58, that helped to lift its overall ESG score, it still lags its peers on this particular issue, as the incentive program does not extend to all Executives within the firm. This suggests that more could be done to integrate climate targets into its core remuneration practices and business strategy.

Social

All companies, regardless of the industry they are in are expected to have firm commitments towards respecting and upholding human rights of their employees and other stakeholders. This includes the fair treatment of employees, prevention of discrimination and harassment, and equal opportunities for all. One area in which Oracle improved was its Human Rights Commitment. According to the UN Guiding Principles on Business and Human Rights, with which the S&P Global CSA questions are aligned, commitments should extend beyond a company's own operations, to ensure that the actions of its suppliers and partners are aligned to its own. Between 2020 and 2021 (based on FY2019 and FY2020), Oracle extended its Partner Code of Ethics and Supplier Codes of Conduct to reaffirm its commitments to human rights across its value chain, resulting in a criterion score increase of 60 to 100 on this issue.

How are Controversies Assessed?

In addition to the rigorous annual research process of the CSA, S&P Global ESG Scores incorporate daily monitoring of companies' involvement in material controversies through its Media & Stakeholder Analysis (MSA). By comprehensively scanning thousands of media sources (both print and online), as well as reports from government bodies, think tanks, and a variety of other sources on a daily basis, the MSA identifies companies' involvement in incidents that could potentially have a damaging and lasting effect on their reputations, financial circumstances or business models.[5] Such incidents might involve incidents relating to crime, corruption, fraud, human rights abuses, labor disputes, workplace safety, catastrophic accidents and environmental violations — to name just a few examples.

Upon analyzing media and stakeholder sources, a Media & Stakeholder Analysis case is triggered if certain conditions are met:

1. The company is (at least partially) responsible for a specific, negative event.

2. The company's actions are inconsistent with its stated policies and goals and/or it exposes a failure of company management or processes.

3. The incident is financially material, with the potential for reputational and financial damages through loss of customers, exposure to liabilities, litigation, and fines, or through the disruption of its normal operations.

Upon triggering an MSA case, S&P Global engages the affected company, offering it the opportunity to respond with any verifiable, countervailing evidence and to share its plans to remedy the situation. For severe cases, S&P Global engages with companies over several years to track their remediation and future mitigation efforts. Depending on the severity and longevity of the controversy — as well as the management's response to it — S&P Global assesses all the available information and applies its rules-based MSA methodology to measure the impact of the case and the overall quality and effectiveness of the management response. A case may exert downward pressure on one or more of up to 30 industry-specific criteria within the CSA, depending on the extent to which it impacts different aspects of the company's ESG and sustainability performance. The overall assessment of the case, the number of criteria and their weighted materiality in the overall assessment will collectively determine the magnitude of the downgrade to the company's headline S&P Global ESG score.

Upon triggering an MSA case, S&P Global engages the affected company, offering it the opportunity to respond with any verifiable, countervailing evidence and to share its plans to remedy the situation.

The MSA methodology seeks to identify both a company's current and potential future exposure to risks stemming from its involvement in a controversial incident. As a result, a negative downgrade of a company's S&P Global ESG score due to an MSA case might well be applied in advance of the company's obligation to pay any fines or settlement fees, underscoring one possible benefit of utilizing the scores to proactively address sustainability risks and mitigate downside potential.

S&P Global ESG Scores are updated monthly to reflect the latest outcomes of the ongoing daily MSA review. The MSA process serves as the foundation for reviewing and removing companies from the Dow Jones Sustainability Indices and several other ESG indices in between index rebalances, including the S&P 500 ESG Index and other counterparts from the S&P Global ESG Index Series. All data users, as well as the individual company in question, receive detailed information about any MSA cases triggered by company controversies, our assessment of the case and the impact on the industry-specific CSA criteria and headline S&P Global ESG Score of the companies affected.

[5] The daily scanning of Media and Stakeholder sources is performed by S&P Global's partner, RepRisk. RepRisk, an ESG data science firm, leverages the combination of AI and machine learning with human intelligence to systematically analyze public information in 23 languages and identify material ESG risks. With daily data updates across 100+ ESG risk factors, RepRisk provides consistent, timely, and actionable data for risk management and ESG integration across a company's operations, business relationships, and investments. www.reprisk.com. Once an MSA case gets triggered by RepRisk's analysis, S&P Global ESG analysts review and investigate whether it would materially impact the company's criteria scores and S&P Global ESG Score performance.

Johnson & Johnson: A Case Study in Assessing Controversy (CSA 2019)

S&P Global ESG Score: 60 / 100

In October 2019, Johnson & Johnson (J&J) was removed from the S&P 500 ESG Index after an MSA case was triggered by several controversies, which led the S&P Dow Jones Indices' Index Committee to take the decision to drop the company from the index. The MSA case was triggered by several controversies, including:

- The announcement of the US Dept of Justice's criminal investigation into whether company officials knew about the carcinogens in J&J's products.
- The announcement of a USD 120 million settlement over alleged deceptive promotion of hip implants.
- Lawsuits filed by patients who incurred injuries after taking blood thinner, Xarelto.
- The USD 572 million fine issued by the State of Oklahoma to resolve allegations of fraudulently downplaying the hazards and overemphasizing the benefits of opioids.

Exhibit below summarizes the combined impacts of these controversies on J&J's S&P Global ESG Score performance at the headline score level and the underlying criteria affected.

2019 Corporate Sustainability Assessment Impact Study

Impacted Criteria	MSA score impact on criteria
Codes of Business Conduct	**46 points**
Marketing Practices	**48 point**
Product Quality and Recall Management	**9 points**
Risk & Crisis Management	**17 points**
Total Score Impact	**-6.41 out of 100**

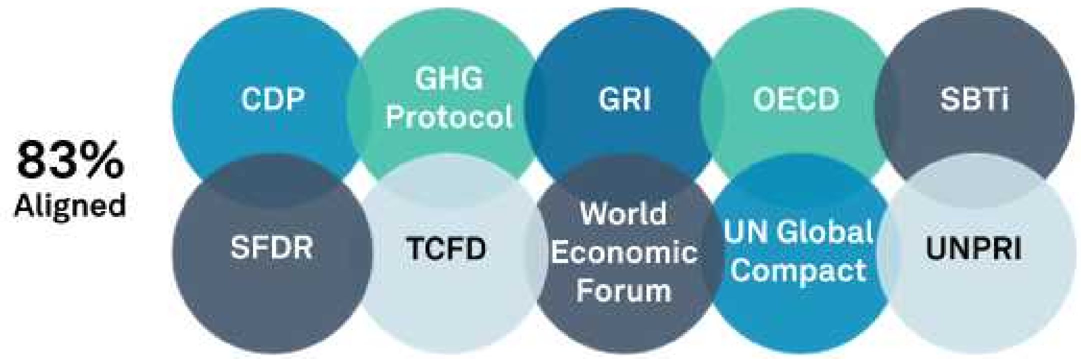
12. Standards alignment

Sustainable1

Aligning with Global Reporting Standards

Since its beginning, the CSA methodology has consistently aligned with global reporting frameworks and industry standards, collaborating with organizations such as the Global Reporting Initiative (GRI), for nearly two decades, to ensure the metrics and methodologies required from companies to disclose information are aligned with current best practices. In addition, we maintain a formal partnership with the Carbon Disclosure Project (CDP) to align climate-related questions and, where possible, reuse CDP data to reduce the reporting burden on companies.

Exhibit 9: 83% of core ESG factors assessed with the S&P Global CSA are aligned with prominent industry frameworks.



We have strived to align with well known frameworks on core, widely accepted and understood ESG topics. For example, we have partnered with CDP since 2013 to align the CSA methodology to their questions – helping companies report consistent data to both assessment processes. We have aligned our Human Rights questions closely to the UN Guiding Principles on Business and Human Rights Reporting Framework – which is a basis that many companies use for reporting and reporting standards have used as a reference for developing metrics. We have aligned closely to the widely used GRI Standards on general ESG topics such as business ethics, corporate governance and diversity metrics, something reported by companies across all sectors all over the world as they often rely on commonly recognized ILO and OECD principles. Aligning to emerging frameworks as TCFD and other frameworks that are being used to shape regulatory reporting standards on ESG will further ensure alignment across core, widely reported ESG topics. The most divergence in the CSA exists on topics that are not widely reported, where no reporting standards exists, or where the CSA asks for a more granular level of reporting than normally found.

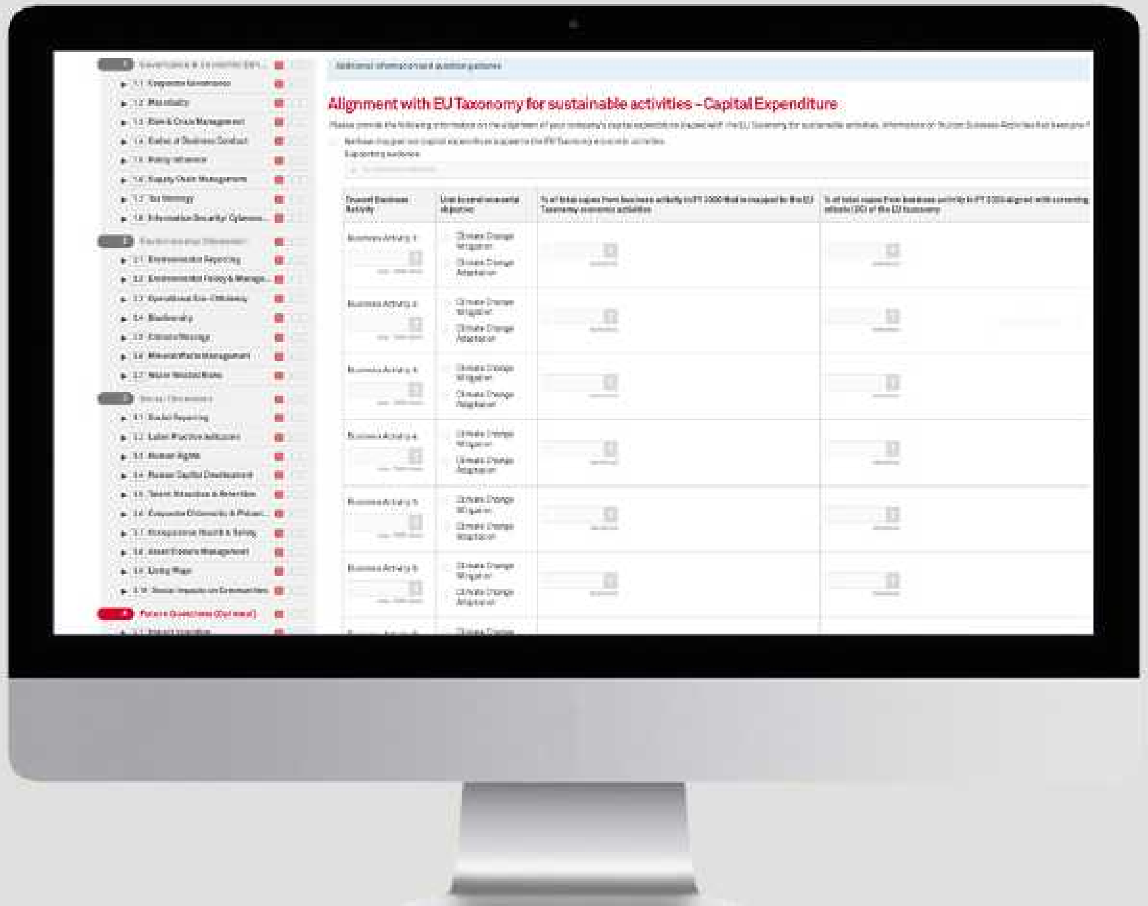
Calculated according to S&P Global's mapping of core ESG factors in the CSA with key ESG frameworks. We define core ESG factors as common metrics across all industries that benefit from broad consensus in terms of definition and intent, and which commonly appear in existing or developing regulatory reporting requirements. The implied 17% divergence reflects the ESG factors we assess that are not widely reported on at present, where no reporting standards exist, or where we measure more granular levels of data than is generally available via public disclosures.

Exhibit 10: Sample of CSA Questions that Align with the Recommended TCFD Reporting Framework

TCFD Aligned Factor	% of companies in the S&P 500*	Sample questions from the S&P Global Corporate Sustainability Assessment
Climate-Related Governance	52%	Do you provide incentives for the management of climate change issues, including the attainment of targets?
Climate-Related Governance	63%	How are your organizations' processes for identifying, assessing, and managing climate-related issues integrated into your overall risk management? Please attach supporting evidence.
Climate-Related Targets and Metrics	57%	Does your organization apply the TCFD framework in the management of climate-related risks and opportunities? Please indicate where this information is available. Have you identified any climate change risks (current or future) that have potential to generate a substantive change in your business operations, revenue or expenditures?
Climate-Related Targets and Metrics	60% Targets; 79% Metrics	Does your company have any corporate-level climate-related targets?

*(by count) reporting on this metric – either publicly or via the CSA

Exhibit 11: Snapshot of CSA questions that Align with the EU Taxonomy for Sustainable Activities



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To learn more about S&P Global ESG Scores, contact us here.

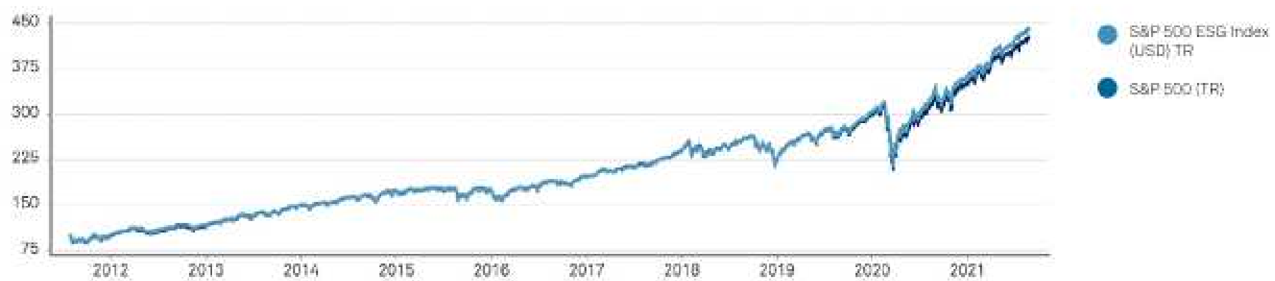
Case study: S&P 500® ESG Index: Investment Selection

There are many ways to incorporate S&P Global ESG Scores and underlying datasets into your investment strategy and decision-making, such as fundamental research, portfolio screening, tilting, reweighting, and rules-based selection, to name a few. One noteworthy example of a rules-based selection process is in the methodology of the S&P 500 ESG Index, the sustainable version of the renowned S&P 500. The methodology uses an adjusted version of S&P Global ESG scores built upon the same underlying research, primarily driven by a standardization of company scores within each of the 61 GICS-aligned sub-industries we coveramong other minor adjustments for the purposes of index construction.[7]

The S&P 500 ESG Index aims to retain as many companies from the S&P 500 as possible (and thus exhibit a similar the risk/return profile), after removing certain companies — based on ESG principles — and re-weighting those that remain by market capitalization. Companies are excluded if they have a low ESG score relative to global industry peers, are involved in controversial wepons, tobacco, or thermal coal, perform poorly on the principles of the UN Global Compact, or are involved in controversies deemed material to their ESG performance (determined by MSA cases). After making these exclusions, the methodology targets 75% of the market cap within index industry groups, selecting the best ESG performers using the adjusted version of S&P Global ESG Scores. Once selected, constituents are weighted by float-adjusted market cap.[7]

Historical Performance

Depending on index launch date, all charts below may include back-tested data (data has been re-based at 100)



[7]To learn more about the S&P 500 ESG Index methodology and performance, please refer to: https://www.spglobal.com/spdji/en/documents/education/education-sp-500-esg-index-defining-the-sustainable-core.pdf

Source: S&P Dow Jones Indices LLC. The S&P 500 ESG Index was launched on January 28, 2019. All data prior to the index launch date is hypothetical based on back-tested data. Back-tested performance reflects application of an index methodology and selection of index constituents with the benefit of hindsight and knowledge of factors that may have positively affected its performance, cannot account for all financial risk that may affect results and may be considered to reflect survivor/look ahead bias. Actual returns may differ significantly from, and be lower than, back-tested returns. Past performance is not an indication or guarantee of future results. Back-tested performance is for use with institutions only; not for use with retail investors. One cannot invest directly in an index. Index returns do not reflect payment of any sales charges or fees an investor may pay to purchase the securities underlying the Index or investment funds that are intended to track the performance of the Index. The imposition of these fees and charges would cause actual and back-tested performance of the securities/fund to be lower than the index performance shown.

ESG Reporting

Our clients use S&P Global ESG Scores and many of our other sustainability datasets to analyze funds and portfolios and produce impact metrics for reporting. For example, this type of analysis reveals that the S&P 500 ESG Index exhibits the following improvements in ESG key performance indicators across all index constituents, relative to the benchmark S&P 500. It is worth noting that these impacts are realized while the index reflects similar levels of risk and return to the benchmark.

↑19% Score Increase

Track Record on Respecting and Upholding Human Rights:

Includes metrics such as whether the company assesses human rights throughout its value chain, has policies in place with a commitment to respect human rights, the effectiveness of its due diligence processes to uphold its commitments, whether it has been involved in any abuses or violations, and how transparent the company is about its performance on human rights in its public disclosures.

↑15% Score Increase

Effectiveness of Company Strategy on Climate-Related Risks and Opportunities

Includes metrics such as whether the company has ambitious climate-related targets, how it performs on climate impacts, the carbon intensity of its products and services, whether climate-related targets are tied to management incentives, its performance on Scope 3 GHG emissions, and how well the company addresses both the financial risks and opportunities arising from climate change.

↑15% Score Increase

Ability to Attract and Retain Top Talent

Includes metrics such as the company's employee turnover rate, whether it has a program of long-term incentives, its performance trends around employee engagement, and an assessment of its types of individual performance appraisal.

↑14% Score Increase

Company Performance on Key Human Capital Development Indicators

Includes metrics such as whether the company has employee development programs in place, the quantity and quality of Training and Development Inputs the company provides, the company's Return on Employee Development Investment, and its Human Capital Return on Investment.

In addition, for every USD 1 million invested in the S&P 500 ESG Index instead of the S&P 500, investors may claim the following benefits:

Reduced Carbon Emissions
equivalent to planting

58 New Trees

Measured in terms of the reduction in weighted-average carbon emissions intensity (WACI) of the index relative to the benchmark.

Reduced Water Usage
enough to fill

1/2 an Olympic Swimming Pool

Measured in terms of the reduction in weighted-average water consumption intensity (in m3 per USD $1m of revenue) of the index relative to the benchmark.

Reduced Waste Production
equivalent to sparing

9 Cubic Feet of Landfill

Measured in terms of the reduction in weighted-average waste production intensity (in metric tons per USD $1m of revenue) of the index relative to the benchmark.

Leverage the Power of Essential Sustainability Data Intelligence Backed By Integrated Workflows, Flexible Delivery, Robust Linking Capabilities and Unrivaled Market Context.

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Robust Data Linking

Connect essential sustainability data intelligence with more data to build a bigger picture.

To help you streamline your workflows, our extensive global Cross Reference Services and Kensho Solutions help you seamlessly link data by company, sector, and instrument — so you can focus on analyzing data instead of curating data.

Company Data That Builds a Bigger Picture:

Public Company Financials	**62,000+** public, including **47,000+** active with current financials
Private company data	**~17.5M** private companies & **500K** early stage companies via Crunchbase
Estimates	**75+** metrics for **18,300+** active companies from **100+** countries
Ownership	**45,000+** public companies, **35,000+** institutions, **47,000+** funds and **328,000+** insiders.
Transactions	**980K+** M&A, **646K+** Public Offerings, **550K+** Rounds of Funding including **100K+** Crunchbase offerings.
Trucost Datasets	Trucost Paris Alignment dataset, Trucost Physical Risk dataset, Trucost Carbon Earnings at Risk dataset, Trucost SDG analytics, and more for **16,000+** companies representing **99%** of global market capitalization.
Supply Chain Data	Proprietary research, supply chain company profiles, & country-level analysis via Panjiva

[1] For more information about the methodological adjustments applied, please refer to: https://www.spglobal.com/spdji/en/documents/additional-material/faq-spdji-esg-scores.pdf

To learn more about S&P Global ESG Scores, contact us here.

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About S&P Global Sustainable1

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